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To: County and District Superintendents of Schools
County and District Chief Business Officials
Charter School Administrators

From: Janet Sterling, Director
School Fiscal Services Division

Subject: 2000-01 Beginning-Teacher Minimum Salary Program

This letter is to offer guidance to school districts and county offices of education regarding implementation of the 2000-01 Beginning-Teacher Minimum Salary Program. This optional incentive program provides funding to support at least a \$34,000 annual minimum salary for fully certificated teachers in the 2000-01 fiscal year. For 2001-02 and subsequent fiscal years, provided the local educational agency (LEA) maintains at least the \$34,000 minimum teacher salary, the amount received in 2000-01, with annual adjustments for growth and COLA, will be added to the LEA's total revenue limit.

Timeline

Application. The application form for the program is enclosed with this letter. **LEAs electing participation in the program must return the forms to the California Department of Education (CDE) by December 31, 2000.** The application will accomplish two functions. First, it will notify us that you wish to participate in the program and have offered, or intend to offer, a minimum salary for qualified teachers in fiscal year 2000-01 that is at least \$34,000. Second, it will identify your choice of funding option.

Claims. Claim forms will be mailed to participants in January 2001. **All participants must return the form to the CDE no later than March 1, 2001.** The claim form will certify that the participant's adopted certificated employee salary schedule for the fiscal year 2000-01 offers a minimum annual salary for fully qualified teachers that is at least \$34,000. In addition, some LEAs (those electing Option 2 reimbursement) will be required to submit teacher salary expense data and statutory benefit rates for the 2000-01 fiscal year.

Apportionments. We anticipate that 2000-01 fiscal year funding for the program will be distributed in a categorical apportionment in April 2001. Ongoing funding for future fiscal years will commence with the July 2001 advance apportionment and will be distributed pursuant to the principal apportionment schedule as part of each LEA's revenue limit.

Eligibility for Participation

LEAs. All school districts and county offices of education that increase the minimum annual salary for qualified teachers to \$34,000, or maintain at least a \$34,000 minimum annual salary for qualified teachers, may participate in the program. This includes LEAs that participated in the prior Jack O'Connell Beginning-Teacher Salary Incentive Program. Charter schools, however, are not eligible to receive direct funding for this program. Charter schools will receive funding in either the categorical component of the charter school block grant, or through their sponsoring district if they have elected not to participate in the charter school funding model.

Employee. To be eligible for the increased salaries funded under this program, teachers must meet all the following criteria:

- (1) Hold a valid California teaching credential, not including an emergency permit, intern permit, or waiver.
- (2) Possess a baccalaureate or higher degree.
- (3) Receive a salary paid through the general fund of the district or county office of education.

Employees with a preliminary teaching credential granted in California and employees holding a valid California teaching credential but currently teaching under a waiver of a specialized credential qualify for increased salaries under this program.

Funding, Fiscal Year 2000-01

LEAs that choose to participate in this program may elect to receive program funding under one of two options. The choice of option will depend on the LEA's minimum salary for qualified teachers prior to participation in this program and consideration for maximizing the LEA's share of the state funding.

Option One. This option will provide \$6 per 1999-00 second period average daily attendance (P-2 ADA) excluding attendance in adult education programs and in charter schools participating in the charter schools funding model. Although this option is available to all participants, it will be of particular interest to LEAs already at or above the \$34,000 minimum salary.

Option Two. This option will provide funding for those participating LEAs that must increase the annual minimum salary for qualified teachers to \$34,000 in 2000-01 to meet the requirements of this program (LEAs with a minimum salary already at or above \$34,000 must select Option One if they choose to participate in this program). Under this option, participants will receive state funding equal to the difference between the total salaries for all qualified teachers receiving increased salaries pursuant to this program, up to a maximum of \$34,000 per person in 2000-01, and the total of participating teacher salaries on the 2000-01 salary schedule as it existed prior to the increase supported by this program. The resulting difference will then be increased by the LEA's statutory benefit rate.

As specified in statute, should the combined claims submitted pursuant to Options One and Two exceed the \$55 million appropriated for the 2000-01 fiscal year, all allocations will be adjusted by a single deficit factor.

Funding Beyond 2000-01

Provided that the minimum salary established pursuant to this program is maintained by participating LEAs at or above the level set in fiscal year 2000-01, the total revenue limit of program participants will be increased annually beginning in 2001-02. The following calculations will apply whether the participant has chosen Option One or Option Two.

School Districts. To determine the revenue limit adjustment, a rate will be calculated by dividing the school district's program funding received in 2000-01 by the school district's 2000-01 P-2 ADA. The resulting rate, adjusted annually by the cost of living adjustment (COLA) specified in *Education Code* Section 42238.1(b), will be multiplied by the school district's current year P-2 ADA, excluding attendance in Regional Occupational Centers/Programs (ROC/P) and in adult education programs. In addition, a separate but parallel calculation will be made for ADA in ROC/Ps. The resulting products will be summed, and the total added to the school district's total revenue limit computed pursuant to *Education Code* Section 42238. The separate calculation for ROC/P ADA will insure that revenue limit funding for each district is appropriately identified. Because the adjustment is made to the total revenue limit as specified in statute, program funding will not be available to the school district in any fiscal years in which the school district is subject to basic aid.

County Offices of Education. The revenue limit adjustment for county offices of education will be calculated in the same manner as for school districts. However, the P-2 ADA will be the total credited to the county office of education and the COLA will be as specified in *Education Code* Section 2557. The results will be added to county office of education revenue limits computed pursuant to *Education Code* Section 2550.

Expenditure of Funds

Although paragraph (c)(1)(A) of *Education Code* Section 45023.1 specifies that funding received under Option One **may** be used to meet the new beginning teacher annual salary of \$34,000 or to generally enhance teacher salaries, these funds **must** be expended for either of those purposes, according to the Legislative Counsel.

Funding received under Option Two is a reimbursement of expenditures incurred raising qualified teacher salaries to \$34,000.

Accounting

Income received for this program is unrestricted. For standardized account code structure (SACS) coding, use Resource Code 0000, and Revenue Object Code 8590, All Other State Revenue. For non-SACS coding, use Income Account Code 8590, All Other State Revenue.

Questions

For more information regarding this program please contact Richard Zeiszler in the School Fiscal Services Division at (916) 324-4533 or by e-mail (rzeiszle@cde.ca.gov) or Eileen Cubanski at (916) 324-4541 or by e-mail (ecubansk@cde.ca.gov). This letter and the application form are also posted at our Web Site at: <http://www.cde.ca.gov/sfsdiv/categorical/catprog.htm>

Enclosure

The purpose of this information letter is to inform school districts and county offices of education of the provisions of the 2000-01 Beginning-Teacher Salary Program and the California Department of Education's opinion on the subject. Except with respect to citations and references to statutes, regulations and court decisions, this information is merely exemplary and compliance therewith is not mandatory; nor is there any intent to suggest a particular course of action. Each local education agency should seek the advice of its own legal counsel in the development of local policy.